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OFFICE OF
NATIONAL ESTIMATES

MEMORANDUM

The Doldrums in Ghana

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3 December 1970

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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

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MEMORANDUM

SUBJECT: The Doldrums in Ghana*

NOTE

Ghana has rejected the radical histrionics of Kwame Nkrumah, turned out its Communist advisors, and advanced through a phase of military rule to a constitutional democracy emphasizing Western values. Yet the new regime faces serious problems and has not demonstrated the ability to deal with them effectively. This memorandum takes a look at the government's character and speculates about its future.

* This memorandum was prepared by the Office of National Estimates. It was discussed with representatives of the Office of Current Intelligence, Office of Economic Research and the Clandestine Services, who are in general agreement with its judgments.

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1. Ghana was the first European colony in black Africa to gain independence in the 1950s and boasted of some rare assets -- a thriving economy, based on cocoa; a half billion dollars in foreign exchange; a population well-educated by African standards; and a set of institutions modeled closely on the British system. In the early years of independence, the economy expanded impressively with new industries, improved infrastructure, plenty of outside aid, and enough money filtering through to raise the living standards and expectations of hundreds of thousands of Ghanaian city folk.

2. Ghana also had Kwame Nkrumah, who in short order spent up the national nest-egg, borrowed vast sums at high interest, turned a Westminster parliamentary system into an authoritarian personal regime, and established closer relations with the Communist countries than with the West. Part of Ghana's national treasure was sacrificed to the President's obsessions on Pan-Africanism, continental unity, and a variety of radical causes. By 1966, when a police-military coup ousted Nkrumah, the external debt was about \$800 million. Foreign aid and investment had fallen off sharply. Ghanaian

- 2 -

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institutions were crippled by corruption, bureaucratic waste, and inefficiency. High rates of population growth, urbanization, and unemployment had turned Accra into a city of quiet desperation.

3. Four years of rule by a military-police junta produced economic retrenchment and realignment with the West -- recovery but not advancement. The National Liberation Council also made careful preparations for the return to civilian rule, which was being urged on them by the US and the UK. A constitution was drawn up and approved by a reasonably representative constituent assembly. The ban on political parties was removed in plenty of time for the parliamentary elections. Free discussion of controversial issues was permitted, and the victorious Progress Party led by Dr. Kofi Busia could honestly claim to speak for the majority of Ghanaians.

4. In his 14 months as Prime Minister, however, the scholarly Busia has simply failed to take hold as a national leader. In his public appearances, Busia comes across as articulate and thoughtful, but dull; he has also turned out to be a poor manager of state business. He describes in a theoretically sound fashion the need for specific programs

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to alleviate Ghana's woes (e.g., a more vigorous agricultural policy to encourage cocoa production), but little is actually done. Many of his ministries have become quite disorganized, and segments of the bureaucracy appear to operate in a kind of vacuum. Several foreign advisors and planners hired by the government have returned home discouraged by the difficulty of getting anything accomplished with the cumbersome Ghanaian bureaucracy. This kind of disillusionment is not unusual in black Africa, but Ghanaians and their foreign advisors generally expect something better of Ghana.

5. The Busia regime is also developing a reputation for issuing decrees in a haphazard, ill-considered manner. The precipitous expulsion last fall of several hundred thousand Nigerians, Upper Voltans, and Togolese was a typically disruptive performance. They were given only a few weeks to leave the country. Unnecessary inconveniences and international strains resulted. A few months later, the government raised hackles at home by dismissing abruptly some 600 civil servants, mainly Ewe tribesmen. More recently, the sudden imposition of import surcharges has upset the business community even though it is part of an advantageous program of import liberalization.

- 4 -

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Debts and Unemployment

6. Indeed efforts to ameliorate Ghana's financial position have become a preoccupation for Busia. He is trying hard to renegotiate the schedule for debt repayments, and has had only limited success. After a series of long, contentious meetings with the major debt holders (the largest of which is Britain), the overall amount Ghana has to pay back this year was reduced from \$56 to \$43 million, still a hefty amount for a country as poor as Ghana. Future payments will remain at a high level throughout the next decade, and Ghana will be hard pressed to raise enough money -- especially if the cocoa market is depressed. The government will be tempted to repudiate at least some of the debts. Though Busia himself probably understands the consequences of debt repudiations, he may decide that cooperating with the Western governments and trying to create a favorable investment climate are just not worth the effort.

7. Ghana's external financial difficulties, however, are of limited interest to the average citizen. What does concern him is the increasing level of unemployment. The government reports that there are 600,000 unemployed; this represents 25 percent of the labor force. Ghana's high rate

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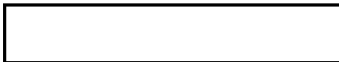
of population growth, about three percent a year, is exacerbating the problem. So is the outflow from the nation's schools, which unload some 200,000 on the labor market each year. Many seem to drift to Accra in search of the better life, and the number of urban unemployed is rising rapidly. Of course, the problem is hardly unique to Ghana, but it has more political impact there than in most of black Africa. The citizens seem aware of how to complain to authorities, have reasonably effective labor unions to turn to, and have a variety of spokesmen pleading their cause in parliament. The expulsion of alien workers was designed in large measure to produce more jobs for the urban unemployed. There is no evidence yet that many Ghanaians found jobs this way, but the act of expulsion was popular throughout the country.

Political Challenges to Busia

8. For the time being, at least, Busia's political position appears pretty solid despite all his nation's troubles. His Progress Party controls 105 out of the 140 seats in the National Assembly. The main opposition parties, recently united as the Justice Party, can do little except complain about government policies. Busia, however, does not preside over a

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united party. His party general secretary, Da Rocha, is disliked by many old guard politicians; his foreign minister, Owusu, has not hesitated to disagree with Busia over some significant international issues, most notably on Busia's advocacy of dialogue with South Africa. Moreover, Busia's heavy-handed treatment of the Supreme Court has annoyed many who believe in judicial independence. Factionalism and internal dissension within the Progress Party will probably increase if the government's performance does not improve. In addition, though there is little support in Ghana for Nkrumah or his ideology, many Ghanaians will continue to be nostalgic about the apparent prosperity of his era. Over time, this attitude will probably aid the opposition forces.

9. There is also some disillusionment with the Busia regime among the military, though restiveness is not widespread. The government's financial distress has not yet had much effect on the defense budget, and until it does the army will probably not complain. Most military men were ready to relinquish their civilian administrative jobs after the transfer of power. Yet they intervened once before and will do so again if civilian incompetence or corruption appear intolerable to them.



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10. Lieutenant General Afrifa, the former chairman of the Presidential Commission, is a man to watch. Young (34 years old), aggressive, and not known for his modesty, he has been brooding in retirement. Afrifa had supported Busia, a fellow Akan, for the post of Prime Minister; he felt stabbed in the back when barred from the presidency by an age requirement (40 or older). Should a crisis develop -- say through violent demonstrations by the urban unemployed -- Afrifa might step forward as the National Savior. We are likely to hear from him again in any case.

11. Perhaps the most significant destabilizing force in Ghana, however, is the frustration of the Ewe tribe at being denied its fair share of government patronage.* Despite the overlay of Western-style parliamentary institutions, tribalism remains a powerful force in Ghana. Traditional antagonisms may be less intense than in Nigeria, but government business is often uncoordinated because of tribal rivalries within the ministries. The general election last year

* The Ewe, located in the southeast, account for 13 percent of the Ghanaian population. The Akan cluster, spread out all over the south and southwest, accounts for 44 percent and includes the Ashanti as one of its many sub-tribes.

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turned into a tribal battle with the Ewe candidate, Gbedemah, securing most of the Ewe vote and Busia sweeping the Akan vote and playing on anti-Ewe sentiment through Ghana. Even the army is divided along these lines, and there are reports of spontaneous gripe sessions held by Ewe officers. The Ewes are among Africa's most talented and industrious tribes. If they come to feel that they can get nowhere under this kind of government, they are likely to turn to some kind of dissidence and become a threat to the regime.

- 9 -

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Next 1 Page(s) In Document Exempt

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